Consolidation of banking sector

2028. SHRI D. RAJA:
SHRI R.C. SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the PM's honorary economic advisor Mr. Raghuram Rajan has advised against his Ministry's proposed consolidation in the banking sector particularly in the context of the Public Sector Banks; and

(b) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) No, Sir. The Raghuram Rajan Committee, in general, has recommended to encourage, but not force, consolidation amongst Public Sector Banks (PSBs). The Committee has observed that given the fragmented nature of the Indian banking system and the small size of the typical bank, some consolidation may be in order for banks that aim to play on a larger stage. Government is of the view that the initiatives for consolidation amongst the PSBs should emanate from the management of the banks themselves with Government playing a supportive role as the common stakeholder.

Income tax slabs for industries

2029. SHRIMATI JAYANTHI NATARAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the income tax slabs are similar for the big, medium and small and micro industries;

(b) if so, the details thereof and the reasons for such a policy; and

(c) whether Government proposes to have separate slabs of income tax for micro and small enterprises to promote and sustain this sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Income tax slabs for the big, medium, small and micro industries are dependent on the 'status' of the industry. The details of income tax slabs for different status are as under:-

(i) In the case of individual (proprietary concern) the rates are as follows :-

Upto Rs. 1,60,000/-	Nil.
Rs. 1,60,001/- to Rs. 3,00,000/-	10 per cent.
Rs. 3,00,001/- to Rs. 5,00,000/-	20 per cent.
Above Rs. 5,00,000/-	30 per cent.

No surcharge is levied in the cases of individual assessee.

(ii) In the case of firms, the rate of income-tax is 30 percent on whole of the total income. However the salary and interest on capital received by a partner is allowed

as a deduction while working taxable income in this case. No surcharge is levied in the case of a firm.

(iii) In the case of a domestic company, the rate of income-tax is 30% on whole of the total income. In the case of every domestic company having total income exceeding one crore rupees, a surcharge calculated at the rate of 10 per cent, of such income tax is levied. However, in such cases, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Different tax slabs are provided to achieve vertical equity and progressive taxation system.

(c) As the tax slabs are based on the income of the entity and not on the basis of whether it is classified as micro or small enterprise, the Government has no plans to change slabs based on the classification of the entity.

Drive against plantation firms

2030. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) whether Securities and Exchange Board of India (SEBI) has stepped up its drive against collective investment schemes launched by various plantation firms;

(b) whether, the SEBI has estimated that the quantum of funds raised by such entities could be around 3 lakh crores;

(c) whether SEBI had directed in 1998 that no existing collective investment schemes could mobilize money from public unless certified by credit rating agencies; and

(d) if so, the number of defaulting companies identified and the action proposed by SEBI against them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) SEBI had issued directions to 610 Collective Investment Scheme entities (CIS) to refund the money collected under the schemes.

(b) No, Sir. As per SEBI's record, 664 entities had reportedly mobilized Rs. 3518 crore from the investors.

(c) Yes, Sir.

(d) According to SEBI 570 entities failed to wind up their schemes and repay the investors. SEBI had debarred these entities and the concerned officials from operating in the capital market for a period of 5 years. Further SEBI has requested Chief Secretaries of the concerned State Governments to initiate Civil/Criminal action against these entities for apparent offences of fraud and the Ministry of Corporate Affairs to initiate the winding up process of these CIS entities under Section 433 of the Companies Act. Criminal prosecution cases have been launched by SEBI against 551 CIS entities.